

## REMARKS

1. Oath/Declaration. Applicant thanks the Examiner for pointing out the  
5 changes necessary for the Oath/Declaration. Applicant submits a copy of the  
Oath/Declaration previously submitted on February 21, 2001 with this Response.

2. Claim Rejections – 35 U.S.C. § 103. Claims 19-25, and 36 are rejected  
10 under 35 U.S.C. § 103 as being unpatentable over Boston *et al.* (4,812,628) in  
view of French *et al.* (US 6,282,656 B2).

Applicant respectfully disagrees.

15 The prior art reference (or references when combined) must teach or suggest all  
the claim limitations. The teaching or suggestion to make the claimed  
combination and the reasonable expectation of success must both be found in  
the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488,  
20 USPQ2d 1438 (Fed. Cir. 1991). See MPEP 2142. Without these basic  
requirements, the prima facie case of obviousness has not been established.

20 In the present case, neither Boston nor French, separately or combined, teach  
each and every element of the claimed invention.

25 The Examiner cited that Boston is responsive to the transaction score (col. 6,  
lines 1-4). The actual language of this section is:

30 "If the evaluation was favorable, an approval code would be sent back to  
the merchant, who would complete the transaction. If the evaluation was  
unfavorable, the transaction would be declined."

Here, Boston speaks about an approval code being generated and sent to the  
merchant.

35 In contrast, Claim 19 of the Applicant's invention states "responsive to the  
transaction score, performing at least one of: terminating the transaction;  
proceeding with the request for a transaction; or obtaining additional data from

the customer." The element of "responding" distinguishes Claim 19 from Boston. Also, the use of a predictive model (see Detailed Description of the Preferred Embodiments of Application 09/675,992) to produce the transaction score distinguishes Claim 19 from Boston. Boston's system can only generate an approval code or route the transaction to the issuer to be approved. This is a much more limited process than Claim 19's:

- "terminating the transaction;"
- "proceeding with the request;" or
- "obtaining additional data"

The examiner cited that Boston discloses "determining a transaction score based on the first set of transaction data and indicative of a level of risk associated with the transaction" (col. 5, line 66 – col. 6, line 4 and col. 6, lines 57-68). However, this quote from Boston actually states:

"the issuer may assign a risk assessment value of 2 to the card holder. The terminal 140, after reading the card, will multiply this value times the transaction dollar limit stored in the terminal."

Unlike Claim 19, Boston's risk assessment is not done during the interaction with the user. Boston uses pre-determined risk assessment data pre-programmed into a transaction card (col. 5, lines 15-17). Boston's system merely reads the risk assessment information on the card and compares this information to the transaction amount.

In contrast, because the transaction score is derived by evaluating the first set of transaction data to generate risk assessment, Claim 19 is distinct from Boston's use of pre-determined risk assessment information. Claim 19 describes risk assessment done during the transaction. Boston describes risk assessment as completed prior to the entity/user transaction.

As further defined in the specification, Applicant's invention can score the user transaction "with respect to any other factor that a merchant deems useful to know." On the contrary, Boston's system is not able to use any information other than the pre-assigned risk assessment value.

With regard to Claim 36, the Examiner cited that Boston discloses "a transaction module adapted for receiving transaction data and for providing a transaction score" (col. 5, line 60 – col. 6, line 4 and col. 6, lines 57-68). Upon closer examination, this quote is actually discussion of prior art relevant to Boston's patent prosecution not discussion of Boston's invention. The start of the quoted section states: "In operation of the prior art system outlined above..." (col. 5, line 60). Furthermore, there is no mention of using a predictive model in conjunction with the transaction module (see Detailed Description of the Preferred Embodiments). Therefore, this cited section is not teaching the transaction module element of Applicant's invention.

The Examiner cited that Boston teaches "a threshold module adapted for receiving the transaction score, and based on the transaction score, applying the score to at least one threshold" (col. 3, line 66 – col. 4, line 17). However, the cited language from Boston is:

"The terminal includes a processor means for evaluating the transaction based on the risk assessment information carried on the card. If the particular transaction falls within the parameters set by the issuer, the terminal itself can issue an approval. If, however, the transaction falls without the bounds set by the issuer, the authorization request will then be sent on to the communication network for approval at a site remote from the transaction. As discussed above, this approval may take place at a control center or at the issuer of the transaction card.

In one embodiment of the subject invention, each transaction terminal will be provided with a single transaction dollar limit. In this embodiment, the risk assessment information carried on the card will take the form of a multiplier to be used in evaluating the transaction. Specifically, the multiplier on the card will be used to modify the dollar limit in the terminal, to arrive at an amount, above which the transaction would be transmitted for approval."

This section merely describes a dollar limit multiplier.

However, Claim 36 teaches "a threshold module adapted for receiving the transaction score, and based on the transaction score, applying the score to at least one threshold." In addition to the differences between using a statistical model to produce the transaction score versus Boston's pre-assignment risk assessment value described above, Boston uses a simple multiplication routine to arrive at a single number (dollar limit). In contrast, Claim 36 states "applying the score to at least one threshold" within the threshold module. "At least one threshold" teaches that the threshold module is able to apply the score to more than one threshold. Therefore, this Boston citation is inadequate to teach this threshold element of the claimed invention.

There must be motivation to make the combination asserted by the Examiner. When the motivation to combine the teachings of the references is not immediately apparent, it is the duty of the examiner to explain why the combination of the teachings is proper. *Ex parte Skinner*, 2 USPQ2d 1788 (Bd. Pat. App. & Inter. 1986).

The Examiner claims one skilled in the art would combine Boston and French "to ensure the identity of the user and prevent fraud." Although this motivation is found in French, the Examiner's application of this motivation to solve the problem of "determining the conditions under which to request additional information" is erroneous.

Boston is a system solving the problem of "regulating the type of authorization requests transmitted from the point of transaction" (see Boston abstract). French teaches "a network authentication system" which verifies identity of a network user (see French abstract).

The applicant's invention is focused on aiding the decisioning process. French's system either authenticate or reject the user. This process does not aid decision making. Rather, French's system makes decisions according to the issuer's configuring.

As stated in the specification, the claimed invention "aids an entity to selectively request additional data about a user to serve the needs of the entity without causing the user to have an adverse reaction." Neither Boston nor French are

focused on the conditions under which to selectively request additional information about a user. Neither are concerned with assessing transaction conditions to minimize adverse user reactions. The motivation of "preventing fraud" is insufficient. One skilled in the art familiar with Boston and French would not know how to produce a decisioning system which assesses transaction conditions. Therefore, the Examiner has not explained why this combination is proper.

Finally, there must be likelihood of success that the combined references would allow one skilled in the art to produce the claimed invention. The reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). As discussed above, Boston and French contain no hint to suggest any aspect of the claimed invention in either of these references. Boston and French do not disclose responding to a transaction score, using a transaction module, or using a threshold module. Thus, even if these references were combined, the likelihood of success is non-existent because Boston and French are not focused on the decisioning problem described in Applicant's invention.

As stated in MPEP 2143.03, if an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988). Therefore, discussion of Claims 20-25 and 37 is moot in view of the above discussion of Claims 19 and 36.

3. Claim Rejections - 35 U.S.C. § 103. Claims 20 and 37 are rejected under 35 U.S.C. § 103 as being unpatentable over Boston *et al.* (4,812,628) in view of French *et al.* (US 6,282,656 B2), and further in view of Jobber *et al.* ("The Prediction of Industrial Mail-survey Response Rates").

Referring to Claims 20 and 37, these are dependent claims inheriting the limitations of independent Claims 19 and 36 respectively. As such, the rejection of Claims 20 and 37 is deemed moot in view of Applicant's above comments regarding Claims 19 and 37. Therefore, Applicant respectfully requests that the Examiner withdraw the rejection under 35 U.S.C. § 103(a).

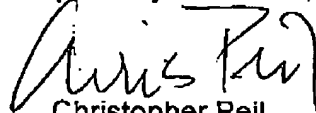
In view of the discussion herein, Applicant is of the opinion that the Examiner has failed to establish a prima-facie case of obviousness. Accordingly, Applicant respectfully requests that the Examiner withdraw the rejection under 35 U.S.C. §103(a).

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Should the Examiner deem it useful, she is encouraged to contact Applicant's attorney, Michael A. Glenn, at (650) 474-8400.

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Respectfully submitted,



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